

TOWN OF IOTA, LOUISIANA
FINANCIAL REPORT
JUNE 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/20/10

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INDEPENDENT AUDITORS' REPORT

To the Honorable John D. Sittig, Mayor,
and the Board of Aldermen
Town of Iota, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Iota, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Town of Iota's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Iota's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Iota, Louisiana, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Members of American Institute of
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In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2010, on our consideration of the Town of Iota, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Town of Iota, Louisiana has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the basic financial statements.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 38 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, or other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Iota, Louisiana's financial statements as a whole. The schedule of insurance in force, schedule of utility rates, schedule of customers, and statements of operating revenues and operating expenses by department are presented for purposes of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Grossard, Piche, Lewis & Breany LLP

Lafayette, Louisiana
September 15, 2010

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements (GWFS)

TOWN OF IOTA, LOUISIANA

STATEMENT OF NET ASSETS
June 30, 2010

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash	\$ 301,895	\$ 57,066	\$ 358,961
Certificates of deposit	138,894	-	138,894
Due from other governmental agencies	41,413	191,390	232,803
Accounts receivable	-	40,368	40,368
Unbilled service receivable	-	8,330	8,330
Other receivables	28,746	-	28,746
Internal balances	(1,541)	1,541	-
Prepaid interest	980	-	980
Inventories, at cost	-	18,978	18,978
Restricted assets:			
Cash	-	104,125	104,125
Certificates of deposit	-	44,620	44,620
Capital assets:			
Non-depreciable	85,464	562,649	648,113
Depreciable, net	<u>252,698</u>	<u>1,168,601</u>	<u>1,421,299</u>
 Total assets	 <u>\$ 848,549</u>	 <u>\$ 2,197,668</u>	 <u>\$ 3,046,217</u>

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 13,287	\$ 183,800	\$ 197,087
Retainage payable	-	24,341	24,341
Accrued liabilities	5,383	7,982	13,365
Customers' deposits	-	83,671	83,671
Other liabilities	-	1,241	1,241
Long-term liabilities:			
Portion due or payable within one year -			
Bonds payable	-	10,714	10,714
Certificates of indebtedness	10,000	-	10,000
Portion due or payable after one year -			
Bonds payable	-	591,889	591,889
Certificates of indebtedness	20,000	-	20,000
Total liabilities	<u>\$ 48,670</u>	<u>\$ 903,638</u>	<u>\$ 952,308</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 338,162	\$ 1,128,647	\$ 1,466,809
Restricted for:			
Debt service	-	63,191	63,191
Tax dedications	448,832	-	448,832
Unrestricted	<u>12,885</u>	<u>102,192</u>	<u>115,077</u>
Total net assets	<u>\$ 799,879</u>	<u>\$ 1,294,030</u>	<u>\$ 2,093,909</u>
Total liabilities and net assets	<u>\$ 848,549</u>	<u>\$ 2,197,668</u>	<u>\$ 3,046,217</u>

TOWN OF IOTA, LOUISIANA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Fees, Fines and Charges for Services</u>	<u>Capital Grants and Contributions</u>
Governmental activities:			
General government	\$ 74,679	\$ 5,148	\$ -
Public safety	156,054	11,954	20,000
Public works	100,771	-	52,701
Culture and recreation	12,867	-	-
Interest on long-term debt	1,976	-	-
Total governmental activities	<u>\$ 346,347</u>	<u>\$ 17,102</u>	<u>\$ 72,701</u>
Business-type activities:			
Gas, water and sewer	<u>\$ 718,701</u>	<u>\$ 543,424</u>	<u>\$ 517,535</u>
Total	<u>\$1,065,048</u>	<u>\$ 560,526</u>	<u>\$ 590,236</u>

General revenues:

Taxes -
 Property
 Sales and use
 Franchise
 Licenses and permits
 Grants and contributions not restricted
 to specific programs
 Investment income
 Miscellaneous
 Transfers
 Gain on disposal of capital assets

Total general revenues and transfers

Change in net assets

Net assets, beginning

Net assets, ending

See Notes to Financial Statements.

Net (Expense) Revenue and Change in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (69,531)	\$ -	\$ (69,531)
(124,100)	-	(124,100)
(48,070)	-	(48,070)
(12,867)	-	(12,867)
<u>(1,976)</u>	<u>-</u>	<u>(1,976)</u>
\$ <u>(256,544)</u>	\$ <u>-0-</u>	\$ <u>(256,544)</u>
 \$ <u>-0-</u>	 \$ <u>342,258</u>	 \$ <u>342,258</u>
\$ <u>(256,544)</u>	\$ <u>342,258</u>	\$ <u>85,714</u>
 \$ 107,746	 \$ -	 \$ 107,746
182,928	-	182,928
76,451	-	76,451
64,128	-	64,128
9,458	-	9,458
2,974	672	3,646
7,273	-	7,273
(122,836)	122,836	-
<u>165</u>	<u>4,038</u>	<u>4,203</u>
\$ <u>328,287</u>	\$ <u>127,546</u>	\$ <u>455,833</u>
\$ 71,743	\$ 469,804	\$ 541,547
<u>728,136</u>	<u>824,226</u>	<u>1,552,362</u>
\$ <u>799,879</u>	\$ <u>1,294,030</u>	\$ <u>2,093,909</u>

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements (FFS)

TOWN OF IOTA, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

ASSETS	General Fund	Sales Tax Fund	Other Governmental Fund	Total Governmental Funds
Cash	\$ 76,314	\$225,481	\$ 100	\$ 301,895
Certificates of deposit	11,912	126,982	-	138,894
Due from other governmental agencies	2,210	17,112	4,757	24,079
Other receivables	28,746	-	-	28,746
Prepaid interest	980	-	-	980
Total assets	<u>\$120,162</u>	<u>\$369,575</u>	<u>\$ 4,857</u>	<u>\$ 494,594</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 8,245	\$ 285	\$ 4,757	\$ 13,287
Accrued liabilities	4,403	-	-	4,403
Due to other funds	<u>1,441</u>	<u>-</u>	<u>100</u>	<u>1,541</u>
Total liabilities	<u>\$ 14,089</u>	<u>\$ 285</u>	<u>\$ 4,857</u>	<u>\$ 19,231</u>
FUND BALANCES				
Reserved for property tax dedications	\$ 62,208	\$ -	\$ -	\$ 62,208
Reserve for incomplete contract	17,000	-	-	17,000
Unreserved and undesignated	<u>26,865</u>	<u>369,290</u>	<u>-</u>	<u>396,155</u>
Total fund balances	<u>\$106,073</u>	<u>\$369,290</u>	<u>\$ -0-</u>	<u>\$ 475,363</u>
Total liabilities and fund balances	<u>\$120,162</u>	<u>\$369,575</u>	<u>\$ 4,857</u>	<u>\$ 494,594</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 June 30, 2010

Total fund balances - governmental funds		\$475,363
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.		
Capital assets, net		338,162
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the governmental funds as liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.		
Accrued interest payable	\$ (980)	
Certificates of indebtedness payable	<u>(30,000)</u>	(30,980)
Some revenues were not considered measurable at year end and therefore not available soon enough to pay for current period expenditures.		
Sales taxes		<u>17,334</u>
Total net assets of governmental activities		<u>\$799,879</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2010

	General Fund	Sales Tax Fund	Other Governmental Fund	Total Governmental Funds
Revenues:				
Taxes	\$184,197	\$ 183,450	\$ -	\$ 367,647
Licenses and permits	64,128	-	-	64,128
Intergovernmental	38,958	-	43,201	82,159
Charges for services	5,148	-	-	5,148
Fines and forfeits	11,954	-	-	11,954
Investment income	478	2,496	-	2,974
Miscellaneous	7,183	90	-	7,273
Total revenues	\$312,046	\$ 186,036	\$ 43,201	\$ 541,283
Expenditures:				
Current -				
General government	\$ 60,779	\$ 13,052	\$ -	\$ 73,831
Public safety	151,079	-	-	151,079
Public works	75,969	3,098	-	79,067
Culture and recreation	8,272	1,511	-	9,783
Capital outlay	70,949	11,305	43,201	125,455
Debt service -				
Principal	10,000	-	-	10,000
Interest	2,253	-	-	2,253
Total expenditures	\$379,301	\$ 28,966	\$ 43,201	\$ 451,468
Excess (deficiency) of revenues over expenditures	<u>\$(67,255)</u>	<u>\$ 157,070</u>	<u>\$ -0-</u>	<u>\$ 89,815</u>
Other financing sources (uses):				
Transfers in	\$ 45,570	\$ -	\$ -	\$ 45,570
Transfers out	-	(168,406)	-	(168,406)
Proceeds from the sale of capital assets	825	-	-	825
Total other financing sources (uses)	<u>\$ 46,395</u>	<u>\$(168,406)</u>	<u>\$ -0-</u>	<u>\$ (122,011)</u>
Net change in fund balances	<u>\$(20,860)</u>	<u>\$ (11,336)</u>	<u>\$ -0-</u>	<u>\$ (32,196)</u>
Fund balances, beginning	<u>126,933</u>	<u>380,626</u>	<u>-</u>	<u>507,559</u>
Fund balances, ending	<u>\$106,073</u>	<u>\$ 369,290</u>	<u>\$ -0-</u>	<u>\$ 475,363</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Net change in fund balances - total governmental funds \$(32,196)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 125,455	
Depreciation expense	<u>(30,611)</u>	94,844

Repayment of certificates of indebtedness principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.

Principal payments		10,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Decrease in accrued interest payable		277
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The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins, donations and disposals, is to decrease net assets.

(660)

Because some revenues are not measurable at year-end, they are not considered available revenues in the governmental funds.

Sales taxes		<u>(522)</u>
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Change in net assets of governmental activities		<u>\$ 71,743</u>
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See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

STATEMENT OF NET ASSETS

PROPRIETARY FUND

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

June 30, 2010

ASSETS

CURRENT ASSETS

Cash	\$ 57,066
Accounts receivable	40,368
Unbilled service receivable	8,330
Due from other governmental agencies	191,390
Due from other funds	1,541
Inventories, at cost	<u>18,978</u>

Total current assets \$ 317,673

RESTRICTED ASSETS

Cash	\$ 104,125
Certificates of deposit	<u>44,620</u>

Total restricted assets \$ 148,745

CAPITAL ASSETS

Non-depreciable	\$ 562,649
Depreciable, net	<u>1,168,601</u>

Total capital assets \$1,731,250

Total assets \$2,197,668

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES (payable from current assets)

Accounts payable	\$ 183,800
Accrued liabilities	7,982
Retainage payable	24,341
Other liabilities	<u>1,241</u>
Total current liabilities (payable from current assets)	<u>\$ 217,364</u>

CURRENT LIABILITIES (payable from restricted assets)

Revenue bonds payable	\$ 10,714
Customers' deposits	<u>83,671</u>
Total current liabilities (payable from restricted assets)	<u>\$ 94,385</u>

NONCURRENT LIABILITIES

Revenue bonds payable	<u>\$ 591,889</u>
Total liabilities	<u>\$ 903,638</u>

NET ASSETS

Invested in capital assets, net of related debt	\$1,128,647
Restricted for debt service	63,191
Unrestricted	<u>102,192</u>
Total net assets	<u>\$1,294,030</u>
Total liabilities and net assets	<u>\$2,197,668</u>

TOWN OF IOTA, LOUISIANA
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 Year Ended June 30, 2010

Operating revenues:	
Charges for services	\$ 522,511
Miscellaneous	<u>20,913</u>
Total operating revenues	\$ <u>543,424</u>
Operating expenses:	
Salaries and wages	\$ 204,877
Payroll taxes	15,212
Gas purchases	105,807
Materials and supplies	74,876
Fuel	7,361
Telephone and utilities	27,531
Depreciation	106,487
Repairs and maintenance	59,136
Printing, postage, and supplies	3,184
Insurance	52,638
Truck expenses	5,504
Professional services	10,127
Travel and training	4,324
Uniforms	3,421
Other	<u>7,434</u>
Total operating expenses	\$ <u>687,919</u>
Operating loss	\$ <u>(144,495)</u>
Nonoperating revenues (expenses):	
Investment income	\$ 672
Interest expense	(30,782)
Grant revenue	517,535
Gain on disposal of capital assets	<u>4,038</u>
Total nonoperating revenues (expenses)	\$ <u>491,463</u>
Income before transfers	\$ 346,968
Transfers in	128,822
Transfers out	<u>(5,986)</u>
Change in net assets	\$ 469,804
Net assets, beginning	<u>824,226</u>
Net assets, ending	<u>\$1,294,030</u>
See Notes to Financial Statements.	

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TOWN OF IOTA, LOUISIANA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 520,363
Payments to suppliers for goods and services	(401,754)
Payments to employees and for employee related costs	(213,989)
Other receipts	<u>20,913</u>
Net cash used in operating activities	<u>\$ (74,467)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 128,822
Transfers to other funds	(5,986)
Increase in customers' deposits, net	<u>9,773</u>
Net cash provided by noncapital financing activities	<u>\$ 132,609</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid	\$ (28,900)
Principal payments	(10,592)
Purchase of capital assets	(324,738)
Grant revenue	326,145
Proceeds from disposal of capital assets	<u>4,038</u>
Net cash used in capital and related financing activities	<u>\$ (34,047)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Maturities of investments	\$ 44,087
Purchase of investments	(44,620)
Investment earnings	<u>672</u>
Net cash provided by investing activities	<u>\$ 139</u>
Net increase in cash	\$ 24,234
Cash, beginning of year	<u>136,957</u>
Cash, end of year	<u><u>\$ 161,191</u></u>

(continued)

TOWN OF IOTA, LOUISIANA

STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
Year Ended June 30, 2010

RECONCILIATION OF OPERATING LOSS TO NET CASH USED
IN OPERATING ACTIVITIES

Operating loss	\$ (144,495)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	106,487
Changes in assets and liabilities -	
Increase in receivables	(1,907)
Decrease in due from other funds	21,355
Increase in inventories	(4,811)
Decrease in accounts payables	(41,700)
Increase in accrued and other liabilities	5,888
Decrease in due to other funds	<u>(15,284)</u>
Net cash used in operating activities	<u>\$ (74,467)</u>

CASH REPORTED ON THE STATEMENT OF NET ASSETS AS:

Current	\$ 57,066
Restricted	<u>104,125</u>
Total cash	<u>\$ 161,191</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Iota, Louisiana (the "Town") are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements for both the business-type activities and enterprise fund financial statements. Although the Town has the option to apply FASB pronouncements issued after that date, they have chosen not to do so. The more significant of the Town's accounting policies are described below.

Reporting entity:

A financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government -

The Town was incorporated in 1901, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government and provides the following services to its residents as authorized by its charter: public safety, public works, culture and recreation, and general administrative services. The Town also operates an enterprise activity, a combined utilities fund, which provides gas, sewer, and water services.

Component units -

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.

NOTES TO FINANCIAL STATEMENTS

2. Whether the primary government's governing authority (Board of Aldermen or Mayor) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

Based on the above criteria, there are no organizations or agencies which should be included in the basic financial statements as component units.

Basis of presentation:

The Town's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the government and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements -

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business type activities are financed in whole or in part by fees charged to external parties.

In the government-wide statement of net assets, both the governmental and business-type activities columns (1) are presented on a consolidated basis by column, and (2) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts: (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues,

NOTES TO FINANCIAL STATEMENTS

etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales and use taxes, intergovernmental revenues, investment income, etc.).

The Town does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Fund financial statements -

The fund financial statements provide information about the Town's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each reported in a separate column. The Town does not have any nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

The Town reports the following major governmental funds:

General Fund - used to account for all financial resources traditionally associated with governments that are not required to be accounted for in another fund.

Sales Tax Fund - used to account for the collection and disbursement of the Town's 1% sales and use tax levies. These taxes are dedicated as described in Note 8.

The Town reports the following major proprietary fund:

Combined Utilities Fund - used to account the provision of gas, sewer, and water services to the residents of the Town.

The emphasis in the fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary funds combined) for the determination of major funds.

NOTES TO FINANCIAL STATEMENTS

Basis of accounting:

Government-wide and proprietary fund financial statements -

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, property taxes are recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements -

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year end are considered available and recognized as revenue of the current year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, the Town considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Town had no cash equivalents at June 30, 2010.

Custodial credit risk:

The Town is exposed to custodial credit risk as it relates to their deposits with financial institutions. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Town's name. Accordingly, the Town had no custodial credit risk related to its deposits at June 30, 2010.

Investments:

Under State law, the Town may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Town may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. The Town's investments at June 30, 2010, consisted of time certificates of deposit purchased from local financial institutions. These certificates of deposit are not subject to GASB Statement No. 31 requirement, thus, they are stated at cost.

Receivables:

Uncollectible amounts due from customers for utility services are recognized as bad debts by use of the direct write-off method at the time information becomes available which would indicate the uncollectibility of the particular receivable. The results of using this method as opposed to the allowance method are not materially different.

Interfund receivables and payables:

Short-term cash borrowings between funds are considered temporary in nature. These amounts are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories:

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

NOTES TO FINANCIAL STATEMENTS

Restricted assets:

Certain resources of the Combined Utilities Fund are classified as restricted assets in the statement of net assets because their use is limited by debt indenture or because they represent customers' deposits being held by the Town.

Fixed assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in the governmental fund operations or the proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide financial statements -

The Town's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost or estimated historical cost for assets where actual historical cost is not available and reported in the government-wide financial statements as capital assets. The Town maintains a threshold level of \$500 for capitalizing capital assets. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset useful lives are not capitalized. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings and improvements	20 - 40
Machinery and equipment	5 - 15
Infrastructure	10 - 40
Utilities systems	5 - 25

Fund financial statements -

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

Long-term debt:

The accounting treatment of long-term debt depends on whether the debt relates to governmental or proprietary fund obligations and whether it is reported in the government-wide or fund financial statements.

NOTES TO FINANCIAL STATEMENTS

Government-wide financial statements -

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt consists of revenue bonds and certificates of indebtedness.

Fund financial statements -

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Long-term debt in proprietary fund operations is accounted for the same in the fund financial statements as it is in the government-wide statements.

Equity classifications:

Government-wide financial statements -

Equity is classified as net assets and displayed in three components: (1) invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, (2) restricted net assets - consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation, and (3) unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide statement of net assets reports \$512,023 of restricted net assets, \$448,832 of which is restricted by enabling legislation.

Fund financial statements -

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Interfund transfers:

Permanent reallocation of resources between funds of the primary government are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

NOTES TO FINANCIAL STATEMENTS

Compensated absences:

Employees earn a set amount of annual vacation leave depending on years of service. Vacation cannot be accumulated and compensation in lieu of vacation is not paid. Employees earn five days of sick leave each year. Sick leave can be accumulated without limitation. Employees who resign or retire or who are dismissed from employment are not paid for any unused sick leave. Therefore, no provision for compensated absences has been made in the financial statements.

New accounting pronouncement:

The Town implemented GASB Statement 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions" effective July 1, 2009. GASB Statement 45 requires the recording of an other post employment benefit (OPEB) liability for post employment benefits other than pensions that are provided to retirees and future retirees. The Town provides no post employment benefits to retirees that would require the recording of an OPEB liability; thus, the implementation of GASB Statement 45 had no effect on the Town's financial statements.

Note 2. Property Taxes

Government-wide financial statements -

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Fund financial statements -

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable by December 31. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2010, property taxes of 27.00 mills were levied on assessed valuations totaling \$3,973,290. Total taxes levied were \$107,279. Taxes receivable at June 30, 2010 totaled \$749, all of which is considered collectible. No receivable has been recorded for this immaterial amount. A summary of tax millage dedication is as follows:

Corporate tax	8.00 Mills
Street maintenance tax	5.00 Mills
Drainage and public buildings tax	5.00 Mills
Bridge tax	<u>9.00 Mills</u>
Total tax mills	<u>27.00 Mills</u>

NOTES TO FINANCIAL STATEMENTS

Note 3. Due From Other Governmental Agencies

Due from other governmental agencies at June 30, 2010 consist of the following:

Fund financial statements:

Governmental funds -

State of Louisiana:

State highway maintenance fees	\$ 2,210
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Block grant	4,757
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Acadia Parish School Board:

Sales taxes	<u>17,112</u>
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Total governmental funds	<u>\$ 24,079</u>
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Proprietary fund -

State of Louisiana:

Cooperative endeavor agreement	<u>\$191,390</u>
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Total fund financial statements	<u>\$215,469</u>
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Government-wide financial statements:

Total amount reported in the fund financial statements from above	\$215,469
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Additional sales and use taxes due from the Acadia Parish School Board	<u>17,334</u>
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	<u>\$232,803</u>
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Note 4. Interfund Balances

Interfund balances at June 30, 2010 consist of the following:

	Due From		Total
	General Fund	Other Governmental Fund	
Due to:			
Combined Utilities Fund	<u>\$ 1,441</u>	<u>\$ 100</u>	<u>\$ 1,541</u>

These balances resulted from the time lag between the dates that (1) reimbursable expenditures or expenses, as appropriate, occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets and Depreciation

Capital assets activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated -				
Land	\$ 30,128	\$ -	\$ -	\$ 30,128
Construction in progress	-	55,336	-	55,336
Total capital assets not being depreciated	\$ 30,128	\$ 55,336	\$ -0-	\$ 85,464
Capital assets being depreciated -				
Buildings and improvements	\$ 191,608	\$ 11,305	\$ (999)	\$ 201,914
Machinery and equipment	236,035	46,259	-	282,294
Infrastructure	235,420	12,555	-	247,975
Total capital assets being depreciated	\$ 663,063	\$ 70,119	\$ (999)	\$ 732,183
Less accumulated depreciation for -				
Buildings and improvements	\$ (154,408)	\$ (4,180)	\$ 339	\$ (158,249)
Machinery and equipment	(143,052)	(22,336)	-	(165,388)
Infrastructure	(151,753)	(4,095)	-	(155,848)
Total accumulated depreciation	\$ (449,213)	\$ (30,611)	\$ 339	\$ (479,485)
Total capital assets being depreciated, net	\$ 213,850	\$ 39,508	\$ (660)	\$ 252,698
Governmental activities capital assets, net	\$ 243,978	\$ 94,844	\$ (660)	\$ 338,162

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated -				
Land	\$ 26,844	\$ -	\$ -	\$ 26,844
Construction in progress	<u>16,947</u>	<u>518,858</u>	<u>-</u>	<u>535,805</u>
Total capital assets not being depreciated	<u>\$ 43,791</u>	<u>\$ 518,858</u>	<u>\$ -0-</u>	<u>\$ 562,649</u>
Capital assets being depreciated -				
Buildings and improvements	\$ 59,578	\$ -	\$ -	\$ 59,578
Machinery and equipment	106,426	-	(15,440)	90,986
Gas and sewer distribution systems	1,881,175	-	-	1,881,175
Water treatment system	<u>1,423,070</u>	<u>-</u>	<u>-</u>	<u>1,423,070</u>
Total capital assets being depreciated	<u>\$ 3,470,249</u>	<u>\$ -0-</u>	<u>\$ (15,440)</u>	<u>\$ 3,454,809</u>
Less accumulated depreciation for -				
Buildings and improvements	\$ (23,326)	\$ (2,288)	\$ -	\$ (25,614)
Machinery and equipment	(90,882)	(3,215)	15,440	(78,657)
Gas and sewer distribution systems	(1,003,435)	(54,351)	-	(1,057,786)
Water treatment system	<u>(1,077,518)</u>	<u>(46,633)</u>	<u>-</u>	<u>(1,124,151)</u>
Total accumulated depreciation	<u>\$(2,195,161)</u>	<u>\$(106,487)</u>	<u>\$ 15,440</u>	<u>\$(2,286,208)</u>
Total capital assets being depreciated, net	<u>\$ 1,275,088</u>	<u>\$(106,487)</u>	<u>\$ -0-</u>	<u>\$ 1,168,601</u>
Business-type activities capital assets, net	<u>\$ 1,318,879</u>	<u>\$ 412,371</u>	<u>\$ -0-</u>	<u>\$ 1,731,250</u>

NOTES TO FINANCIAL STATEMENTS

Depreciation expense for the year ended June 30, 2010 was charged as follows:

Governmental activities:	
General government	\$ 848
Public safety	4,975
Public works	21,704
Culture and recreation	<u>3,084</u>
Total governmental activities depreciation expense	<u>\$ 30,611</u>
Business-type activities:	
Gas, water and sewer	<u>\$ 106,487</u>

Note 6. Long-Term Debt

Revenue Bonds. The Town has issued bonds which are payable from a specific revenue source, income derived from the proprietary fund. Proceeds were used to construct and acquire additions, extensions, and improvements to the sewerage system. These bonds, expected to be paid from the Combined Utility Fund (enterprise fund), are reported in that fund.

Certificate of Indebtedness. The Town has issued certificates of indebtedness which are direct obligations and pledge the full faith and credit of the Town. These were issued for the acquisition and construction of major capital facilities.

Long-term debt outstanding at June 30, 2010 is as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>	<u>Due Within One Year</u>
Governmental activities:					
Certificates of Indebtedness, Series					
2002	10/22/02	01/01/12	6.50%	<u>\$ 30,000</u>	<u>\$ 10,000</u>
Business-type activities:					
Sewer Revenue Bonds - Series					
1997A	04/06/98	04/06/38	4.75%	\$ 519,092	\$ 9,186
Series 1997B	04/06/98	04/06/38	4.75%	<u>83,511</u>	<u>1,528</u>
				<u>\$ 602,603</u>	<u>\$ 10,714</u>

NOTES TO FINANCIAL STATEMENTS

The annual debt service requirements to maturity of all long-term debt outstanding at June 30, 2010 follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 20,714	\$ 30,108	\$ 50,822
2012	21,570	28,913	50,483
2013	22,132	27,692	49,824
2014	12,721	26,771	39,492
2015	13,339	26,153	39,492
2016-2020	77,058	120,402	197,460
2021-2025	97,670	99,790	197,460
2026-2030	123,795	73,665	197,460
2031-2035	156,907	40,553	197,460
2036-2038	86,697	5,186	91,883
	<u>\$ 632,603</u>	<u>\$479,233</u>	<u>\$1,111,836</u>

A summary of changes in long-term debt reported in the government-wide financial statements for the year ended June 30, 2010 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Certificates of Indebtedness, Series 2002	<u>\$ 40,000</u>	<u>\$ -0-</u>	<u>\$ (10,000)</u>	<u>\$ 30,000</u>
Business-type activities:				
Sewer Revenue Bonds -				
Series 1997A	<u>\$ 528,217</u>	<u>\$ -</u>	<u>\$ (9,125)</u>	<u>\$ 519,092</u>
Series 1997B	<u>84,978</u>	<u>-</u>	<u>(1,467)</u>	<u>83,511</u>
	<u>\$ 613,195</u>	<u>\$ -0-</u>	<u>\$ (10,592)</u>	<u>\$ 602,603</u>

Interest costs incurred and charged to expense for the year ended June 30, 2010 totaled \$32,758. \$1,976 is reported on the statement of activities as a separate item of the governmental activities, while \$30,782 is reported as a direct expense of the applicable activity for the business-type activities.

NOTES TO FINANCIAL STATEMENTS

Note 7. Flow of Funds; Restrictions on Use

Sewer Revenues:

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated April 6, 1998, all income and revenues (hereinafter referred to as revenue) earned from the operation of the sewer system are to be deposited into an account designated as the Sewer Revenue Account and said account is to be maintained and administered in the following order of priority and for the following express purposes:

- (a) The payment of all reasonable and necessary expenses of administering, operating, and maintaining the sewer system from an account designated as the Maintenance and Operation Account.
- (b) Each month there will be set aside into a Sewer Revenue Bond and Interest Sinking Account \$2,835 for payment on the Sewer Revenue Bonds, Series 1997A and \$456 for payment on the Sewer Revenue Bonds, Series 1997B. Such transfers shall be made on or before the 6th day of each month, beginning May 6, 1999, to assure the prompt payment of principal and interest installments as they become due.
- (c) Each month, there shall be set aside into a Sewer Revenue Bond Reserve Account an amount constituting 5% of the amounts required to be paid into the aforesaid Sewer Revenue Bond and Interest Sinking Account until such time as there has been accumulated in the Account an amount equal to the highest annual debt service payable in any future year (\$39,492).
- (d) Funds will be set aside into a Sewer Revenue Bond Depreciation and Contingency Account to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the utilities system. Transfers of \$172 shall be made monthly into this fund. Payments will continue as long as bonds are outstanding and the balance in this fund shall not be reduced without the permission of the U.S. Department of Rural Development.

All required transfers were made for the year ended June 30, 2010.

Note 8. Dedication of Sales and Use Tax Proceeds

The proceeds of the 1967 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

Constructing, acquiring, extending, improving and/or maintaining sewers and sewage disposal works, a natural gas transmission and distribution system, drainage facilities, streets, waterworks, recreational facilities, public parks, public buildings, and fire department stations and equipment, including fire engines, garbage collection, and disposal facilities.

NOTES TO FINANCIAL STATEMENTS

The proceeds of the 1991 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

- (a) Constructing, acquiring, improving, maintaining, and operating sewers and sewage disposal works, including the acquisition of land and equipment for such purpose.
- (b) Constructing, acquiring, improving, maintaining, and operating any work of permanent public improvement.

Sales taxes recognized in the governmental fund financial statements under the modified accrued basis of accounting totaled \$183,450, while the amount recognized in the government-wide financial statements under the full accrual basis of accounting totaled \$182,928.

Note 9. Interfund Transfers

Interfund transfers for the year ended June 30, 2010 consist of the following:

	Transfers From		Total
	Sales Tax Fund	Combined Utilities Fund	
Transfers to:			
General Fund	\$ 39,584	\$ 5,986	\$ 45,570
Combined Utilities Fund	<u>128,822</u>	<u>-</u>	<u>128,822</u>
Total	<u>\$ 168,406</u>	<u>\$ 5,986</u>	<u>\$174,392</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town purchases commercial insurance to cover any claims related to these risks.

NOTES TO FINANCIAL STATEMENTS

Note 11. Contingencies

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

Note 12. Compensation of Elected Officials

A detail of compensation paid to individual elected officials for the year ended June 30, 2010 follows:

John D. Sittig, Mayor	\$ 10,200
R.B. Fontenot	2,100
Troy Lantz	2,100
Cody Leckelt	2,100
Raleigh Miller	2,100
Warren Pousson	<u>2,100</u>
Total	<u>\$ 20,700</u>

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

TOWN OF IOTA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes -				
Property	\$ 91,315	\$ 112,110	\$ 107,746	\$ (4,364)
Electric franchise	64,105	65,065	57,655	(7,410)
Telephone franchise	2,345	14,300	2,460	(11,840)
Cable TV franchise	1,125	2,575	16,336	13,761
Total taxes	<u>\$ 158,890</u>	<u>\$ 194,050</u>	<u>\$ 184,197</u>	<u>\$ (9,853)</u>
Licenses and permits -				
Occupational licenses	\$ 19,125	\$ 16,800	\$ 16,037	\$ (763)
Insurance licenses	22,490	27,500	40,855	13,355
Liquor licenses	1,240	700	700	-
Building permits	845	2,300	6,536	4,236
Total licenses and permits	<u>\$ 43,700</u>	<u>\$ 47,300</u>	<u>\$ 64,128</u>	<u>\$ 16,828</u>
Intergovernmental -				
Alcoholic beverage tax	\$ 3,375	\$ 1,450	\$ 1,404	\$ (46)
State highway maintenance fees	2,250	4,950	4,735	(215)
Video poker machine fees	6,735	3,485	3,319	(166)
Grants -				
State	1,685	9,500	29,500	20,000
Total intergovernmental	<u>\$ 14,045</u>	<u>\$ 19,385</u>	<u>\$ 38,958</u>	<u>\$ 19,573</u>
Charges for services	<u>\$ 1,465</u>	<u>\$ 5,250</u>	<u>\$ 5,148</u>	<u>\$ (102)</u>
Fines and forfeits	<u>\$ 3,490</u>	<u>\$ 12,525</u>	<u>\$ 11,954</u>	<u>\$ (571)</u>
Investment income	<u>\$ -0-</u>	<u>\$ 415</u>	<u>\$ 478</u>	<u>\$ 63</u>
Miscellaneous	<u>\$ 1,410</u>	<u>\$ 30,500</u>	<u>\$ 7,183</u>	<u>\$ (23,317)</u>
Total revenues	<u>\$ 223,000</u>	<u>\$ 309,425</u>	<u>\$ 312,046</u>	<u>\$ 2,621</u>

(continued)

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)

GENERAL FUND

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures:				
Current -				
General government:				
Salaries and wages	\$ 18,000	\$ 20,000	\$ 20,700	\$ (700)
Payroll taxes	1,350	1,500	1,584	(84)
Telephone and utilities	10,150	7,050	7,070	(20)
Repairs and maintenance	775	130	700	(570)
Printing and postage	630	3,300	3,385	(85)
Insurance	6,500	7,500	7,679	(179)
Professional services	11,450	6,500	11,441	(4,941)
Travel and training	300	2,765	2,767	(2)
Radio lease	1,345	1,950	1,956	(6)
Collection fees	565	904	1,226	(322)
Miscellaneous	1,305	5,060	2,271	2,789
Total general government	\$ 52,370	\$ 56,659	\$ 60,779	\$ (4,120)
Public safety:				
Salaries and wages	\$ 86,595	\$ 95,000	\$ 100,531	\$ (5,531)
Payroll taxes	1,645	8,500	8,618	(118)
Auto lease	22,500	-	-	-
Materials and supplies	3,370	7,710	2,946	4,764
Telephone	2,250	1,275	1,275	-
Insurance	24,500	17,700	17,572	128
Auto expenses	5,625	12,000	13,293	(1,293)
Travel and training	560	1,180	1,175	5
Auxiliary police expenses	1,630	1,275	1,281	(6)
Uniforms	410	850	851	(1)
Miscellaneous	1,725	3,485	3,537	(52)
Total public safety	\$ 150,810	\$ 148,975	\$ 151,079	\$ (2,104)
Public works:				
Materials and supplies	\$ 7,285	\$ 34,285	\$ 38,167	\$ (3,882)
Utilities	14,625	14,845	16,353	(1,508)
Repairs and maintenance	5,635	23,350	12,048	11,302
Insurance	1,685	5,775	5,926	(151)
Professional services	-	1,700	1,755	(55)
Miscellaneous	1,125	1,650	1,720	(70)
Total public works	\$ 30,355	\$ 81,605	\$ 75,969	\$ 5,636

(continued)

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)

GENERAL FUND

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Culture and recreation:				
Utilities	\$ 1,125	\$ 3,000	\$ 3,667	\$ (667)
Beautification expense	-	4,550	4,605	(55)
Total culture and recreation	\$ 1,125	\$ 7,550	\$ 8,272	\$ (722)
Capital outlay	\$ -0-	\$ 41,350	\$ 70,949	\$ (29,599)
Debt service -				
Principal	\$ -	\$ -	\$ 10,000	\$ (10,000)
Interest	110	1,000	2,253	(1,253)
Total debt service	\$ 110	\$ 1,000	\$ 12,253	\$ (11,253)
Total expenditures	\$ 234,770	\$ 337,139	\$ 379,301	\$ (42,162)
Deficiency of revenues over expenditures	\$ (11,770)	\$ (27,714)	\$ (67,255)	\$ (39,541)
Other financing sources:				
Transfers in	\$ -	\$ 12,650	\$ 45,570	\$ 32,920
Proceeds from the sale of capital assets	-	825	825	-
Total other financing sources	\$ -0-	\$ 13,475	\$ 46,395	\$ 32,920
Net change in fund balance	\$ (11,770)	\$ (14,239)	\$ (20,860)	\$ (6,621)
Fund balance, beginning	11,770	14,239	126,933	112,694
Fund balance, ending	\$ -0-	\$ -0-	\$ 106,073	\$ 106,073

See Notes to Budgetary Comparison Schedules.

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TOWN OF IOTA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes -				
Sales taxes	\$ 165,270	\$ 180,000	\$ 183,450	\$ 3,450
Investment income	1,275	1,985	2,496	511
Miscellaneous	-	-	90	90
Total revenues	<u>\$ 166,545</u>	<u>\$ 181,985</u>	<u>\$ 186,036</u>	<u>\$ 4,051</u>
Expenditures:				
Current -				
General government:				
Repairs and maintenance	\$ 3,995	\$ 1,785	\$ 1,800	\$ (15)
Printing and postage	3,135	-	-	-
Professional services	7,600	7,000	6,820	180
Travel and training	1,250	650	-	650
Collection fees	2,395	2,800	4,250	(1,450)
Miscellaneous	1,650	-	182	(182)
Total general government	<u>\$ 20,025</u>	<u>\$ 12,235</u>	<u>\$ 13,052</u>	<u>\$ (817)</u>
Public works:				
Repairs and maintenance	\$ 2,100	\$ 8,900	\$ 2,898	\$ 6,002
Miscellaneous	2,000	200	200	-
Total public works	<u>\$ 4,100</u>	<u>\$ 9,100</u>	<u>\$ 3,098</u>	<u>\$ 6,002</u>
Culture and recreation:				
Beautification expense	\$ 1,600	\$ 1,510	\$ 1,510	\$ -0-
Capital outlay	<u>\$ -0-</u>	<u>\$ 5,300</u>	<u>\$ 11,305</u>	<u>\$ (6,005)</u>
Total expenditures	<u>\$ 25,725</u>	<u>\$ 28,145</u>	<u>\$ 28,965</u>	<u>\$ (820)</u>
Excess of revenues over expenditures	<u>\$ 140,820</u>	<u>\$ 153,840</u>	<u>\$ 157,071</u>	<u>\$ 3,231</u>

(continued)

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)

SALES TAX FUND

Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Other financing uses:				
Transfers out	\$ (66,860)	\$ (121,300)	\$ (168,407)	\$ (47,107)
Net change in fund balance	<u>\$ 73,960</u>	<u>\$ 32,540</u>	\$ (11,336)	<u>\$ (43,876)</u>
Fund balance, beginning			<u>380,626</u>	
Fund balance, ending			<u>\$ 369,290</u>	

See Notes to Budgetary Comparison Schedules.

TOWN OF IOTA, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES

Note 1. Budgets and Budgetary Accounting

The Town of Iota, Louisiana uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. The department heads submit a proposed operating budget for the ensuing year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of a resolution.
4. An amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Board of Aldermen.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year-end. The budgets presented are the originally adopted budget and the final budget.

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures Over Appropriations. The following individual funds had actual expenditures in excess of appropriations for the year ended Jun 30, 2010:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund	<u>\$234,770</u>	<u>\$337,139</u>	<u>\$379,301</u>	<u>\$ (42,162)</u>
Sales Tax Fund	<u>\$ 25,725</u>	<u>\$ 28,145</u>	<u>\$ 28,965</u>	<u>\$ (820)</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF IOTA, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
June 30, 2010

<u>Insurer</u>	<u>Assets Covered</u>
America First Insurance	Town Hall and improvements
America First Insurance	Water system and improvements
America First Insurance	Rescue unit building and meeting hall
America First Insurance	Equipment warehouses
America First Insurance	Sewer system and improvements
Louisiana Municipal Risk Management Agency	Law enforcement officers' and public officials' liability
Louisiana Municipal Risk Management Agency	Municipal employees
Louisiana Municipal Risk Management Agency	Automobile liability
Louisiana Municipal Risk Management Agency	General liability
Williams Insurance	Mayor, Clerk, Tax Collector, and Secretary
Williams Insurance	Mayor
Williams Insurance	Clerk
Williams Insurance	Secretary
Essex Insurance Company	Automobiles

Schedule 1

<u>Risk Covered</u>	<u>Limits Coverage</u>	<u>Co-Insurance Clause</u>	<u>Expiration Date</u>
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 120,120	80%	04-12-11
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$1,072,240	80%	04-12-11
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 37,960	80%	04-12-11
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 154,856	80%	04-12-11
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 600,288	80%	04-12-11
Bond	\$ 500,000 each	-	05-01-11
Worker's compensation & employer's liability	Statutory	-	01-01-11
Comprehensive collision	\$ 500,000	-	05-01-11
Fire, medical payments, property damage	\$ 500,000	-	05-01-11
Bond	\$ 120,000	-	10-16-11
Bond	\$ 20,000	-	12-09-10
Bond	\$ 20,000	-	10-28-10
Bond	\$ 20,000	-	11-18-10
Commercial automotive physical damage	Total loss endorsement	-	07-23-11

TOWN OF IOTA, LOUISIANA
 SCHEDULE OF UTILITY RATES
 PROPRIETARY FUND
 COMBINED UTILITIES FUND
 June 30, 2010

Gas (Effective June 26, 2008)

0-200 cubic feet
 Over 200 cubic feet

Residential
and Commercial

\$ 8.50/month
 \$.80 per 100
 cubic feet or
 part thereof

Industrial

\$ 8.50/month
 \$.58 per 100
 cubic feet or
 part thereof

Sewer (Effective June 26, 2008)

Based on water sold:
 First 2,000 gallons
 Over 2,000 gallons

\$ 10.00/month
 \$ 2.00 per 1,000
 gallons or
 each part
 thereof

Water (Effective February 10, 2009)

First 2,000 gallons
 Over 2,000 gallons

In Town

\$ 13.50/month
 \$ 2.50 per 1,000
 gallons or
 each part
 thereof

Out of Town

\$ 16.50/month
 \$ 2.50 per 1,000
 gallons or
 each part
 thereof

TOWN OF IOTA, LOUISIANA

SCHEDULE OF CUSTOMERS
PROPRIETARY FUND
COMBINED UTILITIES FUND
June 30, 2010

<u>Type of Customer</u>	<u>Gas</u>	<u>Sewer</u>	<u>Water</u>
Residential	319	546	592
Commercial	35	69	83
Schools	<u>5</u>	<u>3</u>	<u>3</u>
Total customers	<u>359</u>	<u>618</u>	<u>678</u>

TOWN OF IOTA, LOUISIANA

STATEMENT OF OPERATING REVENUES AND OPERATING EXPENSES
BY DEPARTMENT
COMBINED UTILITIES FUND
Year Ended June 30, 2010

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:				
Sales	\$203,690	\$189,656	\$129,165	\$ 522,511
Miscellaneous	<u>8,156</u>	<u>7,529</u>	<u>5,228</u>	<u>20,913</u>
Total operating revenues	<u>\$211,846</u>	<u>\$197,185</u>	<u>\$134,393</u>	<u>\$ 543,424</u>
Operating expenses:				
Salaries and wages	\$ 79,902	\$ 73,756	\$ 51,219	\$ 204,877
Payroll taxes	5,933	5,476	3,803	15,212
Gas purchases	105,807	-	-	105,807
Material and supplies	11,910	38,813	24,153	74,876
Fuel	2,871	2,650	1,840	7,361
Telephone and utilities	1,358	15,419	10,754	27,531
Depreciation	1,605	47,852	57,030	106,487
Repairs and maintenance	14,091	2,440	42,605	59,136
Printing, postage and supplies	1,242	1,146	796	3,184
Insurance	20,529	18,950	13,159	52,638
Truck expenses	2,146	1,982	1,376	5,504
Professional services	3,949	3,646	2,532	10,127
Travel and training	1,687	1,556	1,081	4,324
Uniforms	1,334	1,232	855	3,421
Other	<u>3,152</u>	<u>2,527</u>	<u>1,755</u>	<u>7,434</u>
Total operating expenses	<u>\$257,516</u>	<u>\$217,445</u>	<u>\$212,958</u>	<u>\$ 687,919</u>
Operating loss	<u>\$ (45,670)</u>	<u>\$ (20,260)</u>	<u>\$ (78,565)</u>	<u>\$ (144,495)</u>

TOWN OF IOTA, LOUISIANA

STATEMENT OF OPERATING REVENUES AND OPERATING EXPENSES
BY DEPARTMENT (CONTINUED)
COMBINED UTILITIES FUND
Year Ended June 30, 2009

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:				
Sales	\$213,674	\$174,941	\$128,140	\$ 516,755
Miscellaneous	<u>9,113</u>	<u>7,461</u>	<u>5,466</u>	<u>22,040</u>
Total operating revenues	<u>\$222,787</u>	<u>\$182,402</u>	<u>\$133,606</u>	<u>\$ 538,795</u>
Operating expenses:				
Salaries and wages	\$ 75,200	\$ 61,561	\$ 45,102	\$ 181,863
Payroll taxes	5,777	4,729	3,465	13,971
Gas purchases	134,944	-	-	134,944
Material and supplies	13,070	35,321	19,993	68,384
Fuel	4,646	3,804	2,787	11,237
Telephone and utilities	1,195	17,961	12,253	31,409
Depreciation	1,849	48,155	55,961	105,965
Repairs and maintenance	18,970	2,242	15,881	37,093
Printing, postage and supplies	1,232	1,009	739	2,980
Insurance	22,847	18,703	13,702	55,252
Truck expenses	2,849	2,332	1,709	6,890
Professional services	2,853	2,335	1,711	6,899
Travel and training	1,224	1,002	734	2,960
Uniforms	1,237	1,013	742	2,992
Other	<u>4,761</u>	<u>5,474</u>	<u>2,588</u>	<u>12,823</u>
Total operating expenses	<u>\$292,654</u>	<u>\$205,641</u>	<u>\$177,367</u>	<u>\$ 675,662</u>
Operating loss	<u>\$(69,867)</u>	<u>\$(23,239)</u>	<u>\$(43,761)</u>	<u>\$(136,867)</u>

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Lawrence A. Cramer, CPA 1999
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Terrel P. Dressel, CPA 2007
Herbert Lemoine II, CPA 2008

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable John D. Sittig, Mayor,
and the Board of Aldermen
Town of Iota, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Iota, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses at #2010-1 to be a material weakness.

*Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants*

* A Professional Accounting Corporation

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item #2010-2.

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Aldermen, others within the entity, federal awarding agencies, and pass-through entities and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poché, Lewis & Breaux L.L.P.

Lafayette, Louisiana
September 15, 2010

TOWN OF IOTA, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010

We have audited the basic financial statements of the Town of Iota, Louisiana, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2010, resulted in unqualified opinions.

Section I. Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No
Significant Deficiencies ☐ Yes ☒ None identified

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

Section II. Financial Statement Findings

#2010-1 Segregation of Duties

Finding: The Town does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition. This condition was also included in the 2009 audit as item #2009-1.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Town should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Response: We have segregated duties as much as possible with the resources available. We will continue to monitor the situation.

#2010-2 Budget Violation

Finding: The Louisiana Local Government Budget Act requires governments to amend their budget when total actual expenditures exceed total budgeted expenditures by 5% or more. For the year ended June 30, 2010, actual expenditures exceeded budgeted expenditures in the General Fund by 13%. This is a violation of the Louisiana Local Government Budget Act.

Recommendation: The budget should be reviewed periodically during the year, and amended as necessary, to ensure compliance.

Response: The budget will be monitored monthly to ensure compliance with State law.

TOWN OF IOTA, LOUISIANA

SCHEDULE OF PRIOR FINDINGS
Year Ended June 30, 2010

Section I. Internal Control and Compliance Material to the Financial Statements

#2009-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Town should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: The finding is repeated in the current year at #2010-1. The Town has provided as much segregation as possible with the resources available.

#2009-2 Utility Accounts Receivable

Recommendation: The Town should implement procedures whereby the utility accounts receivable listing generated by the Town's utility billing software is reconciled to the general ledger balance on a monthly basis.

Current Status: This finding is resolved.

#2009-3 Accounts Payable Listings

Recommendation: The accounts payable listing generated by the Town's accounting system should be reviewed for accuracy on a monthly basis.

Current Status: This finding is resolved.

#2009-4 Budget Violation

Recommendation: The budget should be reviewed periodically during the year, and amended as necessary, to ensure compliance.

Current Status: The finding is repeated in the current year at #2010-2.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2009.